

Message Text

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ACTION IO-14

INFO OCT-01 EUR-12 NEA-10 ISO-00 EB-08 AID-05 STR-05

LAB-04 TRSE-00 OES-07 INT-05 OMB-01 CIAE-00

INR-07 NSAE-00 /079 W

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FM AMEMBASSY VIENNA

TO SECSTATE WASHDC PRIORITY 3813

USDOC WASHDC PRIORITY

INFO USMISSION USUN NEW YORK

AMEMBASSY NEW DELHI

C O N F I D E N T I A L VIENNA 9427

UNIDO

EO 11652: GDS

TAGS: BEXP, EMIN, EIND, EQIP, UNIDO

SUBJECT: MAJOR PROJECTS: (A) ANDHRA PRADESH SPONGE IRON PLANT;

(B) ORISSA SPONGE IRON PLANT

REF: A. NEW DELHI 11986; B. NEW DELHI 12847

1. MISSION HAD OPPORTUNITY OCT. 21 TO HOLD POST-MORTEM WITH UNIDO TECHNICAL ADVISER DAVID REANEY AND UNIDO METALLURGY ADVISER NIJAHWAN ON REASONS FOR FAILURE ALLIS-CHALMERS (A-C) TO BE SLECTED AS CONTRACTOR FOR ANDHRA PRADESH SPONGE IRON DEMONSTRATION PLANT.

2. REANEY AND NIJAHWAN AGREED THAT SEVERAL FACTORS CONTRIBUTED TO A-C LOSS OF CONTRACT: (A) DELAYS IMPOSED BY MERREM OF UNDP RESREP OFFICE WHICH PREVENTED SELPVNOK OF CONTRACTOR BY INDIRA GHANDI GOVERNMENT AND REOPENED WHILE PROCESS OF SELECTION UNDER NEW REGIME; (B) FAILURE A-C TO SELECT TECHNICALLY-QUALIFIED REPRESENTATIVE ON-SCENE TO UPHOLD THEIR INTERESTS; (C) AGGRESSIVE AND HIGHLY POLISHED SALESMAN-
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SHIP BY COMPETITOR LURGI. REANEY AND NIJAHWAN EMPHASIZED, HOWEVER, THAT EVEN UNDER THESE CONDITIONS, A-C PROCESS WAS FAVORED BY GOI CABINET-LEVEL SELECTION COMMITTEE AND PERSONALLY BY STEEL MINISTER PATNAIK. MAJOR SINGLE FACTOR IN LOSS OF CONTRACT BY A-C, THEY ASSERTED, WAS FAILURE A-C SALESMANSHIP AT CRITICAL MOMENT OF CABINET-LEVEL REVIEW BY NEW GOVERNMENT, WHEN A-C WAS EITHER UNWILLING OR UNABLE

PRESENT DETAILED ARGUMENT, BUTTRESSED BY COMPREHENSIVE TECHNICAL DATA, FOR SELECTION AS CONTRACTOR TO COUNTER VIGOROUS LURGI PRESENTATION BY TEAM OF TOP-NOTCH SPECIALISTS EQUIPPED WITH IMPRESSIVE ARRAY OF VISUAL AIDS. A-C GAVE IMPRESSION, ACCORDING TO REANEY AND NIJAHWAN, OF HAVING LOST INTEREST IN PROJECT AND LEFT NEW CABINET WITH INADEQUATE BASIS ON WHICH TO RECONFIRM PREVIOUS REGIME'S SUPPORT FOR A-C.

3. ON MUCH MORE IMPORTANT ORISSA PROJECT (REF (A)), NIJAHWAN TELLS US HE HAS RECEIVED PERSONAL WORD FROM STEEL MINISTER PATNAIK (WHO NATIVE OF ORISSA) THAT HE IS VERY MUCH INTERESTED IN A-C COLLABORATION WITH TORSTEEL ON PROJECT, BUT WARNING THAT A-C WILL HAVE TO PULL UP ITS SOCKS AND BE PREPARED DO MUCH BETTER JOB OF REPRESENTATION THAN WAS CASE AT CABINET-LEVEL REVIEW MEETING. REANEY AND NIJAHWAN SUGGEST THAT A-C CONSIDER PUTTING HIGHLY-QUALIFIED TECHNICAL MAN ON SCENE FOR EXTENDED PERIOD IF NECESSARY TO WORK WITH TORSTEEL AND ORISSA STATE OFFICIALS IF A-C SERIOUSLY INTERESTED IN PROJECT.

4. MISSION SUGGESTS THAT A-C BE INFORMED OF GIST OF ABOVE, WITHOUT IDENTIFYING SOURCES AND WITHOUT REFERRING TO STEEL MINISTER PATNAIK. LEARY
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Concepts: IRON, SPONGES, PROGRAMS (PROJECTS), INDUSTRIAL PLANTS
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
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Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Review Content Flags:
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SAS ID: 820682
Secure: OPEN
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TAGS: BEXP, EMIN, EIND, EQIP, UNIDO
To: STATE COM
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/9da1db28-c288-dd11-92da-001cc4696bcc
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